



As I see it

PUBLIC HOUSING IS NOT THE ANSWER

THE American people are the best housed people in the world. The average family in an American city occupies more square feet of living space than does the average family in any other country on earth. Even with our slums, our housing also averages better in quality than that of any other country. We have more houses with adequate heating, plumbing, and electricity. This has been accomplished almost entirely by private enterprise.

Merely because we average better than any other country is no reason why we should be satisfied, particularly with the housing at the lower end of the scale. Neither should we assume, however, that the only answer to housing for the lower income group is public housing.

One of the first research jobs I did in the real estate field was on a low-cost housing development for 252 families built under private initiative. This was 30 years ago, before public housing had been started. Because of my interest in housing for the lower income groups, I was asked to serve in 1929 and 1930 on the Large-Scale Operations Committee of President Hoover's Housing Conference. My opinions on public housing have, therefore, not been formed in the last few years but represent the sum of my experience in real estate research.

Public housing was developed originally as a make-work measure during the depression. It was intended to provide low-cost shelter for families in the lowest income groups. City planners saw in it a method of clearing slums. Social planners believed juvenile delinquency and other problems of slum areas could be largely eliminated through better housing.

The hopes of the early planners have not been fulfilled. In fact, Catherine Bauer, one of the early advocates of public housing, in an article in the Architectural Forum of May 1957, entitled "The Dreary Deadlock of Public Housing," says: "... public housing, after more than two decades, still drags along in a kind of limbo, continuously controversial, not dead, but never more than half alive."

About Public Housing Administration officials she says: "Everybody tends to sit tight, clinging desperately to the beleaguered formula, instead of trying to improve it in the light of experience and public attitudes."

About the community planning aspect of public housing she says: "Having established machinery that could only produce a type of residential development quite alien to any American ideal of community, we then proceeded to dramatize this extreme form of paternalistic class-segregation architecturally, in the name of 'modern community planning.'"

In spite of the very unsatisfactory record of public housing, Congress is persistently besieged by the so-called liberal left for additional units. We now have about 535,000 of these units either completed, in various stages of construction, or on the drafting tables. To support these units during the fiscal year 1957 the Government contributed \$90,635,000 for their amortization and operation. These contributions are to continue over a period of 40 years, bringing the total cost to taxpayers in the billions of dollars.

This type of housing is often referred to as low-cost housing. This has always been a misnomer. Eliminating its social costs and judging solely on a dollar basis, public housing has proved to be more expensive to build and operate than its private counterparts. The average unit cost for rental units publicly built ranges from \$8,800 in 1954 to about \$11,500 in 1958. In marked contrast to this, private rental housing ranged from about \$6,000 in 1954 to about \$8,800 in 1958.

Just recently it was reported that Philadelphia is putting up a public housing project which FHA says private builders could build \$6,500 a unit cheaper. The Philadelphia Housing Authority expects to pay \$17,000 each (the maximum allowed by the PHA for the 19 units). FHA cost analysts say a private builder should be able to sell similar houses for only \$10,500, including profits. Housing authority officials admit most of the \$6,500 difference is swallowed up in Government red tape and in the cost of salaried bureaucrats. A memorandum of the Philadelphia Housing Authority explains, "Delay is a large cost, much of it unavoidable as a result of the complexity of the process of planning among many public agencies involved, and civic groups."

In addition to public housing not being low-cost shelter, many of the privileged tenants soaking up the financial benefits of subsidized rent are not, as the theory intended, in the lowest income group. Actually the majority of people living in more than 429,500 Federally aided low rental units have incomes up to \$4,000. This income tax bracket contains 33,000,000 taxpayers paying a combined annual tax of over \$4 billion. Therefore, many persons in the lower income tax groups are helping to subsidize those persons with higher incomes who are living in Government housing.

The taxes going to pay for public housing are a direct penalty on the thrifty

citizens who own their own homes. These citizens are not only paying for public housing in their income tax payments, but are also paying in the real estate taxes on their own homes. Because public housing is tax exempt and eliminated from the local tax rolls, the remaining taxable real estate must be taxed at a higher rate to offset the deficit created by the tax exempt property being used for public housing. It is true that public housing projects make "token payments" in lieu of taxes to the local community, but the token payments do not approach the amount that would be paid if the project were privately owned. The total estimated loss to local governments from tax exemption is about half of the Federal subsidy, or \$45 million annually, a sum which has to be made up by the other taxpayers of the locality in which the housing is located.

This depression-born institution has gone through the various stages of development from infancy to brawny adolescence and now, in its twenty-fourth year, is developing into manhood with all the potential elements and dangers of becoming a sprawling, uncontrollable giant unless something is done to stem its growth.

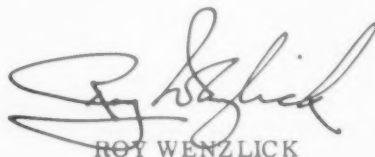
In 1935 there were 5,000 publicly owned dwelling units started; by the close of 1958 the annual total was 67,000 units. The following table shows the growth of public housing units from 1935 to the present. Notice that in only 3 other years has the number of public dwelling units started exceeded the 1958 total.

1935	5,300	1947	3,400
1936	14,800	1948	18,100
1937	3,600	1949	36,300
1938	6,700	1950	43,800
1939	56,600	1951	71,200
1940	73,000	1952	58,500
1941	86,600	1953	35,500
1942	54,800	1954	18,700
1943	7,300	1955	19,400
1944	3,100	1956	24,200
1945	1,200	1957	49,100
1946	8,000	1958	67,100

In view of the record of public housing, the President in the housing bill has asked for no additional public housing units in the next fiscal year. Congress, however, is busily at work on various housing bills in which public housing appropriations are sizable items. If we continue to appropriate money for any purpose in excess of the amount which we can raise in taxation, the cost of public housing will be taxed against the average citizen, not only in the ways enumerated above, but also through a further inflation of the dollar, reducing the value of his savings accounts, his life insurance, his pension, and Social Security.

If public housing substantially reduced the rates of juvenile delinquency, there might be more excuse for advocating its continuance. This, however, has not been the case. In city after city scandals have developed in public housing comparable to those which developed in the same areas before they were redeveloped.

There is a solution to unsanitary and unsafe housing, and the solution has been in our hands for many years. Every city has had ordinances on its books for 40 years or more regarding standards of health and safety for housing. These have not been enforced insofar as I can tell in any city in the United States. We have allowed housing to continually deteriorate. One reason that in urban redevelopment at the present time high prices must be paid for the condemnation of slum properties is that these properties have yielded larger incomes than they should because of their freedom from the enforcement of health and safety laws.



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